



Department of Finance  
Canada

Ministère des Finances  
Canada

TO  
A

Paul Rochon

Memo to Deputy Minister –  
(**VERY LIMITED** distribution)

DMO.....Orig. + 4  
Assoc. DM & G7 Deputy ..... 1  
Associate DM ..... 1

FROM  
DE

Edward Poznanski

*Alaniel  
for Edward.*

Security classification / Classification de sécurité <b>UNCLASSIFIED (Very limited distribution)</b>
Originator / Auteur <b>Rosie Dénôt</b>
Our file / Notre référence
Your file / Votre référence <b>2018FIN469371</b>
Date <b>FEB 23 2018</b>

SUBJECT  
OBJET

**Updated List of Corporate Risks for Fiscal Year 2018-19**

**For action – Your signature is required by March 2, 2018. The list of corporate risks serves as input to the Department's Annual Risk-Based Audit Plan and the Departmental Plan for fiscal year 2018-19, which are currently being produced.**

Please find attached, the 2018-19 Corporate Risk for your approval. The Corporate Risks have been updated based on comments raised at the January 26<sup>th</sup> Executive Committee (EXEC). The key changes, made in consultation with Corporate Services Branch, Financial Sector Policy and International Trade and Finance Branches, are:

**Human Resources Risk:** The heavy workload driver was replaced with the complex and specialized nature of the Department's work. The risk is now a key corporate risk with a likelihood score of 2 and impact score of 3.

**IT Security Incidents Risk:** The sensitivity of the information under the Department's control was added as a key consideration. In addition, the mitigation strategies were updated.

**Centralization of IT services and security constraints Risk** was divided into two risks.

- A risk related to our lack of formal consistent structure to store and manage information; and,
- A risk related to the centralization of government services and the dependency on other government departments.

**Risks related to the Capability to resolve situations affecting the financial system and Coordinated international decision-making** have been merged.

**The risk related to Uncertainty and volatility in the global economy Risk** was archived.

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**Canada**

Of the seven corporate risks (see revised attachment), five are now considered key corporate risks because of their significant risk score (high and medium-high level) and their link to the departmental mandate.

In keeping with Departmental practices, and upon your approval, the updated Corporate Risk Profile and the key corporate risks will be posted on the Department's intranet site on FIN-B.

I am available to discuss further, if required.

**Attachment:**

- List of Corporate Risks for Fiscal Year 2018-19

I approve. \_\_\_\_\_

I wish to discuss. \_\_\_\_\_

List of Corporate Risks for fiscal year 2018-19

CAP #	Risk Statement		Mitigation Strategies	Likelihood	Impact	Score
1	Given the complex and specialized nature of the Department's work and the technical and specialized skills required of key positions, in addition to the competitive market for these....	...there is a risk that the Department will not be able to attract and retain staff with the required expertise and skills to meet all demands for sound and timely policy analysis and advice.	<ul style="list-style-type: none"><li>• Maximize the use of existing recruitment initiatives (e.g. University Recruitment campaign) and identify complementary recruitment activities throughout the year (ongoing).</li><li>• Identify key positions requiring specialized skill set, develop and implement succession plans, including formalized knowledge transfer arrangements (ongoing).</li><li>• Manage talent through recruitment, performance management, learning plans, development programs, mentoring and job shadowing (ongoing).</li><li>• Develop effective and efficient onboarding and off-boarding practices (2018-19).</li></ul>	2 Medium	3 Significant	6

## List of Corporate Risks for Fiscal Year 2018-19

CRP ID	Risk statement	Mitigation strategies	Likelihood	Impact	Score
2	Given the sensitivity of the information under the Department's control and the prevalence of IT security incidents in both the public and private sectors...	<ul style="list-style-type: none"><li>...there is a risk that unauthorized IT network access or disruptions will impact the Department's reputation and its capability to provide policy options and advice and execute critical government operations.</li><li>• Continue to work collaboratively with Shared Services Canada on the execution of the departmental approach aimed at increasing the security posture of the dual network, desktops and applications, for example, by restricting the use of FIN-S to activities Classified Secret and by migrating all unclassified applications to FIN-B (2017-18 through 2018-19)).</li><li>• Continue to align with GC/IT modernization initiatives such as Data Centre Consolidation (2017-18).</li><li>• Assess opportunities, in collaboration with SSC, to implement additional IT security controls resulting from the departmental threat assessment (2017-18 through 2018-19).</li><li>• Assess alternatives for the protection of Information assets, such as the migration to GCSI (2017-18 through 2018-19).</li><li>• Develop IT security standards in support of existing departmental IT security policy (2017-18).</li><li>• Implement other IT security measures tools as needed.</li></ul>	2 Medium	3 Significant	6

List of Corporate Risks for Fiscal Year 2018-19

CRP#	Risk statement	Mitigation strategies	Likelihood	Impact	Score
3	Given the lack of a formal, consistent structure to store and manage information and in how documents are classified...  ...there is a risk that the Department will be unable to meet its objectives related to enhanced business effectiveness and collaboration.	<ul style="list-style-type: none"><li>Develop and implement departmental IM Policy and Awareness Strategy, including mandatory IM training, policy implementation guides and related IM instruments (2017-19).</li><li>Establish Branch-led IM Community of Practice to identify and address adoption challenges (2017-18).</li><li>Develop departmental mandatory Security Awareness training to ensure the safe handling of information and proper classification of documents (protected, secret, etc.) (ongoing).</li><li>Ensure ADMs champion IM awareness and best practices and monitor adherence to departmental IM principles (ongoing).</li><li>Continue to evolve information architecture and IM systems to enhance business effectiveness and collaboration (2017-19)</li></ul>	2 Medium	2 Moderate	4

## List of Corporate Risks for Fiscal Year 2018-19

Grade	Risk statement	Mitigation strategies	Likelihood	Impact	Score
4	Given the centralization of government services, the dependency on other departments (for example TBS, PSPC and SSC) and their difficulty in delivering on their GC-wide transformation initiatives...	<ul style="list-style-type: none"><li>...there is a risk that the Department will not meet both client and implementation expectations on GC-wide projects such as Phoenix, MyGCHR, SAP and GC SI.</li></ul>	2 Medium	2 Moderate	4
		<ul style="list-style-type: none"><li>• Ensure departmental leads possess the required foundational knowledge in project management (ongoing).</li><li>• Develop resourcing strategy to secure required expertise (business, technical and/or project management) to deliver GC-wide transformation initiatives (2018-19).</li><li>• Explore contingency measures and scalable options for high risk and other key initiatives (ongoing).</li><li>• Develop, implement and monitor related project plans (ongoing).</li><li>• Develop, pilot and implement training tools to manage the transition to the initiatives (ongoing).</li><li>• Maintain project oversight and engage governance committees throughout the project phases (ongoing).</li><li>• Consult, as required, with external stakeholders and other departments that have already been through similar transition to minimize impacts of the transformation (ongoing).</li></ul>			

List of Corporate Risks for Fiscal Year 2018-19

CRP #	Risk statement	Mitigation strategies	Likelihood	Impact	Score
5	Given the uneven pace of global economic recovery, international shifts towards protectionist policies and increasing domestic debt levels ...	<ul style="list-style-type: none"><li>...there is a risk that the Department will not have the infrastructure, resources and authorities needed to meet urgent challenges, or the capability to ensure effective coordinated action by responsible agencies to address a situation affecting the soundness, integrity, and reputation of the Canadian financial system.</li></ul>	<ul style="list-style-type: none"><li>Continue regular monitoring of global economic conditions (ongoing).</li><li>Continue training and development of personnel and the recruitment of personnel with specialized knowledge (ongoing).</li><li>Monitor the use and effectiveness of legal authorities to ensure that they meet the stated objectives, and where appropriate, address unforeseen events by proposing new authorities (ongoing).</li><li>Promote prudent investment and risk limits, and undertake daily monitoring of financial market activities and risks and regular external evaluation of treasury operations (ongoing).</li><li>Develop new initiatives to respond to the evolving economic situation; conduct analysis on a broad range of financial sector issues (for example, systemic stability, prudential issues, efficiency and global competitiveness); and develop legislative and regulatory proposals related to financial sector statutes (ongoing).</li><li>Ensure close cooperation with the Bank of Canada, the Office of the Superintendent of Financial Institutions Canada, the Financial Consumer Agency of Canada, and the Canada Deposit Insurance Corporation, along with other government departments and international partners, to scrutinize economic developments and key indicators that might foreshadow problems (ongoing).</li><li>Continue to align international priorities and domestic priorities through regular, high-level engagement with international bodies and partners to influence decisions (ongoing).</li></ul>	1 Low	3 Significant


## List of Corporate Risks for Fiscal Year 2018-19

CRP#	Risk statement	Mitigation strategies	Likelihood	Impact	Score
6	Given the significant financial implications for the affected jurisdiction(s) and counterparties...  ...there is a risk that a failure in supporting systems and processes will impact the timely and accurate delivery of tax and transfer payments to provinces, territories and <u>indigenous</u> governments, as well as public debt related transactions.	<ul style="list-style-type: none"><li>• Ensure a Business Continuity Plan (BCP) is in place, and regularly updated, to ensure tax and transfer payments to other jurisdictions are maintained in case of a failure of supporting systems (ongoing).</li><li>• Ensure remote access is available to key employees, and ensure key employees are aware of the BCP's alternate work site in case of a building failure. Train additional staff as a backup to ensure payments are maintained (ongoing).</li><li>• Use previous month's tax payments and transfer payments in lieu of most current estimates (ongoing).</li><li>• Store backup copies of critical files off-site (ongoing).</li></ul>	1 Low	3 Significant	3



List of Corporate Risks for Fiscal Year 2018

CORP #	Risk statement	Mitigation strategies	Likelihood	Impact	Score
7	<p>Given the Department's treasury activities involving the issuance of market debt securities and management of liquid financial assets...</p> <p>... there is a risk that failed transactions or financial losses will negatively impact the government's financial position and capacity to meet borrowing requirements.</p>	<ul style="list-style-type: none"><li>• Ensure a Business Continuity Plan (BCP) is in place at the Department of Finance and the Bank of Canada, and regularly updated, to ensure successful treasury activities (e.g., borrowing, cash management, etc.) in case of a failure of supporting systems (ongoing).</li><li>• Ensure remote access is available to key employees, and ensure key employees are aware of the BCP's alternate work site in case of a building failure. Train additional staff as a backup to ensure successful treasury activities are maintained (ongoing).</li><li>• Manages treasury activities, investments in financial assets and borrowing activities of major federal government-backed entities, such as Crown corporations, so that the Government of Canada can meet its liquidity needs (e.g., Prudential Liquidity Plan)</li><li>• Manage counterparty credit risk within prudent limits, using collateral frameworks where possible (ongoing).</li><li>• Maintain prudent debt issuance strategies (e.g., distribution across various maturity sectors, broad investor base, well-functioning government securities markets) (ongoing).</li><li>• Maintain sufficient prudential liquidity to manage expected requirements during operational disruptions (ongoing).</li><li>• Maintain prudent investment strategies (e.g., diversification, high credit quality counterparties, etc.) for liquid financial assets (ongoing).</li></ul>	1 Low	3 Significant	3

 <b>Department of Finance Canada</b> <b>Ministère des Finances Canada</b>	
For Signature by / Information of À signer par / Pour l'information de	
Paul Rochon	
Prepared by (name/initials/division) Préparé par (nom/initiales/division)	
Rosie Dénôt	
In consultation with (name/initials/branch(es)/division(s)) En consultation avec (nom/initiales/direction(s)/division(s))	
CSB/ITF/FSP	
Approved by Approuvé par	
Senior Director Directrice principale	Louise Samuel <i>Louise Samuel 22/2/2018</i>
Director General Directrice générale / Directeur général	N/A
Associate Assistant Deputy Minister Sous-ministre adjoint délégué	N/A
Assistant Deputy Minister Sous-ministre adjoint	Edward Poznanski <i>Ed 22/2/2018 for Edward.</i>
Associate Deputy Minister & G7 Deputy for Canada Sous-ministre délégué et représentant du Canada au G7	Rob Stewart
Associate Deputy Minister Sous-ministre déléguée	Ava Yaskiel
Deputy Minister Sous-ministre	Paul Rochon
Remarks Remarques:	
SUBJECT / OBJET:	
For your approval by March 2, 2018. Updated List of Corporate Risks for Fiscal Year 2018-19	
File no. No de dossier	Date
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Associate Deputy Minister & G7 Deputy for Canada Sous-ministre délégué et représentant du Canada au G7	( Sign on behalf of DM ) ( Signer au nom du SM )	<input type="checkbox"/>
Associate Deputy Minister Sous-ministre déléguée	( Sign on behalf of DM ) ( Signer au nom du SM )	<input type="checkbox"/>
Assistant Deputy Minister Sous-ministre adjoint(e)	( Sign on behalf of DM ) ( Signer au nom du SM )	<input type="checkbox"/>